



# State, Society & Governance in Melanesia

*Celebrating 20 years of SSGM and 70 years of Pacific studies at The Australian National University*

## Politics, Organised Crime and Corruption in the Pacific

**Sinclair Dinnen and Grant Walton**

**In Brief 2016/24**

The notion of 'organised crime' typically conjures up images of criminal gangs. Some mafia and bkie gangs do operate in parts of the Pacific and have featured in local and international media. However, we argue that understanding the threat of organised crime in the Pacific requires moving away from this popular perception. We suggest that the most significant organised crime involves the nexus between political elites and seemingly licit actors. Reframing 'organised crime' in this way provides us with a more nuanced understanding of its changing political economy in the region.

Little evidence exists that organised crime has infiltrated political elites in the Pacific as it has in some other parts of the world. Recent developments nevertheless indicate the potential for a deepening relationship between politics and organised crime with an increasingly transnational character. These include the expanding flow of money, goods and people associated with globalisation; the weakening of law enforcement and oversight agencies; and the region's shifting geopolitics.

The logging sector provides the most visible nexus between organised crime and politicians. Papua New Guinea and Solomon Islands have a long history of illegal logging facilitated by an alliance between Asian logging companies and local political actors. This collusion has resulted in 'the blurring of legal and illegal trade in relation to formal export-oriented log production' (UNODC 2013:93). Estimated net exports of illegal timber from both countries in 2010 were AU\$800 million. The quasi-legitimate nature of organised crime groups and links to politicians is exemplified by Nauru. In 2013, the Australian Federal Police uncovered emails showing that an Australian company was using inducements to obtain political backing for its phosphate mining operations on the island. As with logging, this is a case of a legitimate company operating illicitly with the active connivance of local elites.

Fisheries in the western and central Pacific are another area where organised crime mixes with politics. By monopolising licensing decisions, ministers and other officials have been

accused of making deals with private operators for personal gain and at the expense of national revenue. Secretive access deals have also been at the centre of corruption allegations. While remaining a problem, some countries have significantly improved their fisheries governance. For example, Papua New Guinea has strengthened its legal framework and monitoring of foreign fishing fleets, and the Parties to the Nauru Agreement have initiated important regulatory reforms. Seabed mining — viewed by many as a new pathway to development — is likely to face many of the same challenges as fisheries, logging and onshore mining, including new opportunities for illicit activities.

Economic globalisation also shapes new opportunities for illicit transfers of funds and money laundering, involving local and transnational networks. In 2012, the head of Papua New Guinea's Taskforce Sweep referred to Australia as the 'Cayman Islands of the Pacific' owing to substantial funds allegedly laundered there by Papua New Guinea elites. A recent investigation by non-government organisation Global Witness showed how this laundering involves an elaborate network of banks, real estate markets, politicians and lawyers.

Despite these problems there is some evidence that the political drivers of organised crime can be addressed. Vanuatu was rocked by a series of political scandals involving alleged money laundering during the 1990s. In 2015, however, 15 members of parliament were convicted and 14 imprisoned for bribery, suggesting a marked improvement in the independence and capabilities of the state's regulatory system (Forsyth and Batley 2016). Strengthening anti-corruption responses is a key part of fighting organised crime in the Pacific.

Although considerable variation exists, the well-known frailties of Pacific law enforcement and oversight agencies tend to reflect systemic issues of governance and institutional capabilities, especially in the larger Melanesian countries. Such weaknesses present obvious vulnerabilities to organised crime, as well as ensuring immunity to many corrupt local actors. Few agencies are equipped to manage the complexity

and transnational dimensions of organised crime. Most Pacific audit offices have difficulty recruiting and training staff and have insufficient funds, poor facilities and low pay rates (PASAI 2015). Oversight agencies also experience political interference, including meddling with appointments, threats, reduction in funding and legislative changes designed to curtail their powers (Rawlings 2006).

The most egregious examples include the long-running saga in Papua New Guinea stemming from serious allegations levelled against prominent leaders by Taskforce Sweep. This has involved serial court challenges, dismissals of senior police officers and defunding the taskforce, and has fuelled perceptions of concerted efforts by political actors to evade legal processes. Similar machinations are evident in Nauru where anti-corruption efforts have been the target of sustained political attacks. Australia supports a range of Pacific-wide responses to organised crime. Despite this, its reliance on both countries to host offshore refugee processing facilities has not surprisingly tempered its willingness and ability to directly criticise local political leaders.

Pacific-wide responses to organised crime entail a number of regional organisations and networks including the Oceania Customs Organisation, Pacific Island Law Officers Network and the South Pacific Chiefs of Police Conference. Other bodies provide oversight and monitoring for specific industries like fisheries. The transnational dimensions of organised crime have seen increasing regional efforts to improve the collection and analysis of suspicious financial transactions, as well as information sharing across national borders, including establishing the Pacific Transnational Crime Network.

Despite some success, cooperation against organised criminal activities, particularly those with political dimensions, has not lived up to the lofty sentiments of various regional agreements. Unlike ordinary citizens, political leaders have access to state resources to defend themselves from investigation and prosecution. Responses are also stymied because of divergent priorities between member states. Australia and New Zealand may be worried about some forms of crime that resonate with international concerns, provided they don't lead to an unravelling of their broader geopolitical interests. For example, Australia has been reluctant to speak out against corrupt money laundered into the country by Papua New Guinea elites in part due to the political importance of the Manus detention centre. Pacific governments generally have more pressing concerns, such as climate change and food security. This misalignment has seen a splintering of regional efforts. Cultural diversity also means that the region

struggles to find a common sense of purpose, while the paucity of reliable data at regional and country levels adds to the difficulties.

Despite its popular association with nefarious characters and organisations, organised crime often hides behind a shroud of legitimacy, thereby blurring the boundaries between licit and illicit activities. In the Pacific, it frequently involves networks of political and other elite actors extending well beyond national borders. The opportunities for organised crime have intensified with economic globalisation that has seen international trade and the movement of people increase exponentially. Trade between the Pacific and Asia grew by 800 per cent from 2000 to 2012 (ADB and ADBI 2015). While creating opportunities for some, it also increases the potential threat of organised crime. At the same time, organised crime is by no means path-dependent, as demonstrated by recent developments in Vanuatu and in some areas of fisheries governance.

### Author Notes

*Sinclair Dinnen is a senior fellow with the State, Society and Governance in Melanesia Program and Grant Walton is a research fellow with the Development Policy Centre. This In Brief draws on an earlier blog posting and [discussion paper](#) published by the Development Policy Centre.*

### References

- ADB (Asian Development Bank) and ADBI (Asian Development Bank Institute) 2015. [Pacific Opportunities: Leveraging Asia's Growth](#). Manila: ADB.
- Forsyth, M. and J. Batley 2016. What the Political Corruption Scandal of 2015 Reveals about Checks and Balances in Vanuatu Governance. *The Journal of Pacific History* 51(3):255–277.
- PASAI (Pacific Association of Supreme Audit Institutions) 2015. [Leading by Example: Accountability and Transparency in the Pacific Region](#). Auckland: PASAI.
- Rawlings, G. 2006. [Regulating Responsively for Oversight Agencies in the Pacific](#). Targeted research paper for AusAID. Canberra: ANU.
- UNODC (United Nations Office on Drugs and Crime) 2013. [Transnational Organized Crime in East Asia and the Pacific: A Threat Assessment](#). Bangkok: UNODC.

